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REC'D 08 MAR 2004

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מספר: Number	153275
תאריך: Date	04-12-2002
הוקדם/נדחה Ante/Post-dated	

חוק הפטנטים, תשכ"ז - 1967
Patent Law, 5727-1967

ב ק ש ה   ל פ ט נ ט

Application for Patent

אני, (שם המבקש, מענו ולגבי גוף מאוגד - מקום התאגדות)
I (Name and address of applicant, and, in case of a body corporate, place of incorporation)

Applicant: Efficient Finance Ltd. 8 Hakishin Street Ramat HaSharon, Israel	מבקשת: אפישנט פיננס בע"מ הקישון 8 רמת השרון

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(בעברית)
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שיטה ומערכת למימון משותף של אשראי מסחרי

(באנגלית)
(English)

METHOD AND SYSTEM FOR PROVIDING COLLABORATIVE FINANCING OF TRADE CREDIT

Hereby apply for a patent to be granted to me in respect thereof — מבקש בזאת כי ינתן לי עליה פטנט.

בקשת חלוקה - Application for Division	בקשת פטנט מוסף - Application for Patent of Addition	דרישת דין קדימה Priority Claim		
מבקשת פטנט from Application No.______ מס' dated______ מיום	לבקשת/לפטנט to Patent/Appl. No.______ מס' dated______ מיום	מספר/סימן Number/Mark	תאריך Date	מדינת האיגוד Convention Country
יפוי כח: כללי/מיוחד - רצוף בזה/עוד יוגש P.O.A.: general / specific - attached / to be filed later Has been filed in case______ הוגש בעניין				
המען למסירת מסמכים בישראל Address for service in Israel סורוקר - אגמון, משרד עורכי-דין ועורכי פטנטים Soroker – Agmon, Advocates and Patent Attorneys דרך פתח תקוה 23, תל אביב 66184 23, Petach Tikva Road, Tel Aviv 66184 Israel טלפון: 03-5669999 פקס: 03-5669040: 972-3-5669999, Fax: 972-3-5669040				

חתימת המבקש:
~~Signature of~~ applicant

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היום __4__ בחודש __דצמבר__ בשנת __2002__
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שיטה ומערכת למימון משותף של אשראי מסחרי

METHOD AND SYSTEM FOR PROVIDING COLLABORATIVE FINANCING OF TRADE CREDIT

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METHOD AND SYSTEM FOR COLLABORATIVE FINANCING OF TRADE CREDIT

BACKGROUND OF THE INVENTION

FIELD OF THE INVENTION

The present invention relates in general to a method and system for financing trade credit among buyers and suppliers and more particularly to a method and system for a collaborative financing of trade credit via the utilization and resolution of existing market inefficiencies.

DISCUSSION OF THE RELATED ART

Trade credit is a typical feature of commercial transactions and it is, used widely in modern economies both in the domestic and in the international commerce. Trade credit is provided by a supplier to a buyer when the commercial terms include deferred payment for sold merchandise. The scope, volume and other characteristics of trade credit are varied and typically change dynamically over time in accordance with the prevailing cultural climate, macro-economic conditions and micro-economic forces within the operative business environments.

Although trade credit has an important role in streamlining and enabling efficient commercial relationships it may induce a classic economic inefficiency. The inefficiency regards the superior negotiating power of

financially strong companies (functioning as buyers) that is used to compel financially weaker companies (functioning as suppliers) to provide advantageous trade credit as part of their commercial relationship. As a result, an inefficient situation is created in which a supplier with a higher cost of funds finances, through trade credit, a buyer with a lower cost of funds. The inefficiently induced financial gap may be absorbed in the price of the traded merchandise (products and services) and/or the profit margins of the supplier, thus, it may harm both the buyer, that pays a higher price, and the supplier, that stays with lower margins. A similar or an incremental financial gap may be formed when the supplier is ready to pay for exchanging a deferred payment with cash a higher price than the buyer's cost of funds. The supplier may be willing to do so for various reasons, among them saving operational costs (e.g. collection costs), accounting benefits (the option to clear the accounts receivable off the balance sheet), for eliminating credit risks and especially for cash flow considerations. The financial gap may be quantified, measured and expressed as the financial spread, which in this invention represents the difference (in percentage) between the discount rate the supplier is willing to pay for exchanging the buyer's debt with a non-recourse cash and the rate a financial institution would charge the buyer if he asked for a similar credit. Thus, the financial spread is the total of the two financial gaps described above.

Currently there exist several financing methods that provide the supplier with the funds or credit required for the trade credit. Such methods

include factoring, bank short term (bridging credit), commercial papers, assets backed securitization (ASB) and the like. The majority of methods exploit the financial gap (factoring, credit insurance) while other method focus on the financial eligibility of the supplier (bank credit in recourse financing).

Several methods that exploit the financial gap by buying the debt of the buyer to the supplier, through providing funds against the supplier's receivables, are exposed to the commercial risk that concerns the willingness of the buyer to pay for the merchandise where the measure of the willingness is known exclusively to the buyer. Therefore irrespective of how low the credit risk of the buyer, which depends on the ability of the buyer to pay on time, and how well the financial institution is able to assess such risk, in the overall risk there still remains the unknown factor of the commercial risk that typically depends on the condition and completeness of the received merchandise and on the matching of the related invoice with the purchase order and the associated business terms.

Currently, several financing methods exist that reduce or eliminate the problem associated with the commercial risk by obtaining the buyer's commitment to pay for the invoice as a pre-condition to the financing of the supplier. Once the commercial risk is eliminated these methods typically provide a non-recourse credit to the supplier and leave the financial institutions exposed only to the credit risk of the buyer. In these methods the commitment for payment is obtained in various ways, such as, for example, through the deposition of a post-dated check to the supplier, as described by U.S. Patent 5.694.552, or by

direct liability to the financial institution, as presented in U.S. Patent Application 20020116332. Typically, the buyer provides a commitment for payment following the internal approval of the invoice and consequent to the forming of the intention to pay. U.S. Patent 6,167,385 describes a method for the reception of the information on approved invoices directly from the buyer's Enterprise Resource Planning (ERP) system and of the financing of the supplier in the cost of the funds of the buyer, hence, transferring the financial spread mainly to the supplier that in turn may share it with the buyer by improved commercial terms. U.S. Patent Application 20020082985 describes a different approach that involves the sharing of the financial profit directly with the buyer where the supplier receivables are discounted at a cost higher than the buyer cost of funds and some of the difference between the costs of funds go to the buyer that pays to the funding company an amount lower than the face value of the debt and the rest of the difference stays with the funding company.

The buyer is the central element in all the above-described methods since it is the buyer who has to provide the commitment to pay and since the non-recourse credit to the supplier is based on the credit exposure the financial institution is ready to take against the buyer, which are together preconditions in the above-described methods for financing the supplier by discounting the receivables. By providing the commitment to pay, the buyer controls the volume and the period of the discounted debt. Thus, a higher incentive of the buyer to

collaborate results proportionally in a less inefficient credit and therefore in a greater economic efficiency.

The currently utilized trade credit methods each have one or more of disadvantages that considerably limit the economic value created for the buyer. In several methods the value that is offered to the buyer is the ability to leverage the financing of the supplier in order to achieve better trade terms with the supplier. In U.S. Patent 6,167,385 it is thoroughly explained how the financing of the supplier can be transformed into better business terms, such as longer trade credit period, as all the financial spread is created on the supplier side due to the financing of the supplier in the cost of funds of the buyer. In most of the financial methods, at least a part of the financial spread remains with the financial institution that receive higher than normal profit over credit with an exposure to the buyer. As such methods are based as "assets" or values that are introduced into the process by the buyer, such as the financial strength and the commitment to pay, the buyer would rather obtain the profit generated from the financial gap than to let it remain with the financial institution. Furthermore, the buyer would not be interested in exposing his cost of funds to the suppliers especially when his cost of funds changes over time. This method, which consists an indirect value creation to the buyer via better commercial terms, is not a trivial process and has several problems: a) the inability to quantify the financial gap since the buyer can not be sure about the price the supplier would pay for cash, b) the consequent inability to translate it into better terms, and c) the inability of both the buyer and the financial

institution to commit to the future financing of the supplier. This would mean difficulties for the supplier to change the terms when there is no guaranty he would be financed also in the future.

The financial spread is not set only by the discount rate the supplier is ready to accept, but also by the buyer's cost of funds in the financial institution – the lower the cost, the higher the spread. The cost of funds is seldom fixed and usually varies with different financial institutions. Thus, other methods that typically constitute a structure with buyers, suppliers and a single financial institution/funding company deprive the buyer of choosing from multiple financial institutions to finance the suppliers and bring with it two main advantages: a) Spread – the ability to increase the financial gap by using the financial institutions according to the cost of funds (to start with funds from the cheap institutions), b) Quantity – the ability to widen the credit sources by using multiple financial institutions.

Even if the buyer could have all the financial spread to himself it would not necessarily be the best solution, since maximizing the financial gap is not necessarily in accord with the buyer's strategic preferences. The buyer may prefer, for example, some of its strategic suppliers to be financed above non-strategic ones while compromising the financial profit he may gain from the financing of suppliers who offer higher discount rates. This may contradict with the financial institution's interest to maximize the financial gap in methods where the financial institution stays with a portion of the gap. An auction mechanism,

such as described in the U.S. Patent Application 20020082985, for example, in which each supplier bids on a discount rate, may increase the financial spread but it is not necessarily optimal for the buyer since financial consideration is only one factor in deciding which supplier to prefer.

Most of the factors that affect the preferences of a buyer, such as the discount rates of the suppliers, the availability of the buyer's credit resources, the differing cost of funds obtained from different institutions, and diverse strategic considerations are substantially dynamic in nature. Although current financing methods may allow the buyer to dictate the rules of his preferences in advance they do not support dynamic control of the buyer over the process-related parameters, such as determining the credit volume, selecting the credit source and deciding on a suitable supplier to whom the payment associated with the credit is transferred. The current methods do not provide an instrument that could be operative in informing the buyer in an optimal and convenient manner about the relevant factors and thereby allowing the buyer to modify the preferences thereof at any point in time. Such an instrument would considerably improve the flexibility and the economic value of the transactions and accordingly would provide increased economic efficiency.

It would be easily perceived by one with ordinary skill in the art that due to the disadvantages inherent in the existing financial methods for financing trade credit and due to the identification of the buyer as the pivotal element of the

financing process there is a clear and present need to increase the attractiveness of the trade credit financing to a buyer.

SUMMARY OF THE PRESENT INVENTION

The present invention discloses is a method and an apparatus for financing suppliers through discounting of a trade credit while creating direct profit and commercial benefits to the buyer. Buyer's debts to the suppliers are bought from the suppliers and are sold to financial institutions following risk management and information collaboration with the buyer.

The method increases economic efficiency in commercial relationships where the buyer's credit availability is larger than is needed by the buyer and the buyer's cost of funds, in at least one financial institution, is lower than the discount rate the supplier is ready to pay for exchanging the buyer's debt into cash. The apparatus that facilitates the financing of the trade credit seeks to increase this financial gap as much as possible by prioritizing suppliers and financial institutions according to credit rates while considering the buyer's preferences and other constraints.

All the participants in the trade credit financing transaction share the benefits of the increased economic efficiency directly: the buyer exploits financial strengths and the willingness of financial institutions to take credit exposure higher than needed by the buyer, for making a new direct financial income and for benefiting the suppliers; the suppliers receive cash in exchange for debt at what

they consider a good price; and the financial institutions can provide new credit against buyers that they consider credit worthy.

One aspect of the present invention includes a method for financing of a trade credit to a buyer and selling the buyer's debts to financial institutions, through collaboration with the buyer and creation of direct financial and strategic value to the buyer, the method comprising the steps of receiving and storing information from various parties potentially participating in a trade credit financing transaction; selecting according to the information received from the parties and the buyer's preference the debt to finance and the financial sources to use for financing the debt; presenting the selected debt and the corresponding accounts payable and the parties to the trade credit financing transaction to the buyer; approving by the buyer of the selected debt and the parties to the trade credit financing transaction and by sending an ante-dated irrevocable order to pay the debt; assigning the buyer's payment to a financial institution and receiving discounted cash in return; paying in cash to a supplier a payment approved by the buyer less a discount; and paying the buyer the difference between the cash received from the financial institution and the cash paid to the supplier, less an agreed commission. The step of receiving and storing information comprises the steps of receiving an offer and a demand from a supplier to finance trade credit which the supplier granted to the buyer, accompanied by an assignment of debt notification to the buyer relating to selected debt which is approved by the buyer; receiving information representing a financial institution credit line or

commitment to purchase a debt with credit exposure to the buyer; and receiving information from the buyer on at least one approved-for payment invoice received from the supplier. The step of selecting the debt to finance and the financial sources to use compromises the prioritization of debts by fixed or dynamically changing considerations of buyer's preferences regarding at least one supplier and/or at least one financial institution, if such preferences have been presented by the buyer; conditions and terms with supplier; availability of financial resources from various sources; and the financial spread in the trade credit financing transaction. The method comprises the step of the buyer further introducing modifications to the selected debt of the trade credit financing transaction. The step of approval and sending an irrevocable payment order to the financial institution to pay funds against an invoice comprises the elimination of the commercial risk in respect of the selected debt. The step of assigning comprises using the payment assignment as a security for a loan that on maturity equals the payment sum or discounting the payment for cash or a combination of a loan and a cash payment, in a rate that represents the buyer's cost of funds. The supplier pays for exchanging the buyer's debt for cash, at a higher rate than the rate a financial institution demands for credit exposure against the buyer, and wherein the difference between these two rates, less an agreed commission, is paid in cash to the buyer following the trade credit financing transaction. The step of selecting is performed according to the financial spread of the at least one financial

institution or credit sources or terms with the at least one supplier or other constraints.

A second aspect of present invention further provides for a computer device having at least one central processing device, at least one storage device, linked to a data communications network, an apparatus for financing of a trade credit by discounting a buyer's debt to the supplier and selling the buyer's debt to a financial institution, the apparatus comprising the elements of an interface for interfacing with the buyer, supplier and the financial institution in order to provide information concerning the invoices and the terms of the trade credit financing transaction; a device for prioritizing or selecting at least one trade credit financing transaction and based on the terms of the at least one transaction for suggesting to at least one buyer at least one trade credit financing transaction; and a database storing information of the parties to the trade credit financing transaction preferences. The at least one file comprises information about suppliers, financial institutions, buyers, discount demands, loans, invoices and agreed terms. The apparatus further comprises a device for importing invoice information from the buyer's accounts payable system through a file, messages or direct integration. The device for prioritizing the debt to be selected comprises procedures and rules that handle at least one constraint relating to at least one buyer, at least one supplier and at least one financial institution, and procedures that evaluate financial spread of plurality of possible transactions having a financial spread. The apparatus further comprises a device for clearing the at least one trade credit

financing transaction by balancing the parties accounts and ensuring the at least one transaction is completed with credit from the at least one financial institution while discounting the at least one supplier. The apparatus further comprises a device for sending the priorities and selections to the at least one buyer whereby such priorities and selections are sent to the buyer's accounts payable systems. The apparatus further comprising a display device, an input device, an output device a processor device and a storage device for storing the database, a communication device for receiving and sending the information to the at least one supplier, at least one buyer and the at least one financial institution. The database further comprises a processed invoices file, a rules table, a financial entities file and a received instructions file.

A third aspect of the present invention regards a method in which an entity for financing trade credit by discounting a buyer's debt to the supplier, eliminating commercial risks of the debt through collaboration with at least one buyer and selling the at least one buyer's debt to a financial institution, the method comprising the steps of obtaining at least one supplier demand for a trade credit financing transaction; obtaining a credit line at least one financial institution has proposed to provide against the buyer; obtaining from at least one buyer at least one received and approved for payment invoice associated with the supplier; processing the at least one supplier demand, the credit line and the at least one received and approved for payment invoice associated with the supplier whereby at least one invoice is selected for payment; transmitting the at least one invoice

selected for payment to the buyer; receiving at least one ante-dated irrevocable payment order to the at least one financial institution to pay the entity, on the at least one selected invoice for payment due date, the total of the face value of the at least one invoice selected for payment; receiving funds, for the assignment of the buyer's future payment, from one financial institution at a rate that represent the buyer's credit risk; transferring to the supplier a discounted payment for the at least one invoice selected for payment; and transferring the buyer payment of the difference between the funds received from the financial institution and the funds paid to the supplier, less a sum that stays with the entity. The at least one supplier the at least one buyer and the at least one financial institution have contractual relationship with the entity and the at least one supplier instructs the at least one buyer to pay the debts directly to the entity upon request. The step of selecting invoices comprises prioritization of the approved for payment invoice according to the at least one buyer's preferences, terms with the at least one supplier, at least one financial institution supply of funds and spread of the transaction. The method further comprises at least two financial institutions that offer discount rates against a debt of the at least one buyer that represent different fund costs per the at least one buyer and wherein the entity prioritize the at least two financial institutions as sources for funds by the discount rate and according to the at least one buyer's preferences. The method further comprises at least one supplier dynamically offer higher discount rate than the discount rate agreed with the entity to create an incentive to the entity and the at least one buyer to prioritize

transaction with the entity over transactions with other at least one supplier for the better financial spread. The at least one financial institution is a bank or an insurance company or a business entity or a business entity that raises funds in a capital market against the debts commercial papers or bonds. The step of transfer to the supplier is performed by the entity. The step of transfer to the supplier is performed by a designated third party or a trust. The entity for financing trade credit is a business entity or a financial institution or a non for profit or a government office.

BRIEF DESCRIPTION OF THE DRAWINGS

The present invention will be understood and appreciated more fully from the following detailed description taken in conjunction with the drawings in which:

Fig. 1 is a schematic illustration of a computing and communications environment within which a preferred embodiment of the present invention operates;

Fig. 2 is a schematic illustration of an exemplary structure of the CFTC service center device, in accordance with a preferred embodiment of the present invention;

Fig. 3 shows the procedures responsible for the collection of the relevant information to the collaborative financing of trade credit CFTC service center, in accordance with a preferred embodiment of the present invention;

Figs. 4 is a simplified flowchart of the collaborative financing of trade credit CFTC method, in accordance with a preferred embodiment of the present invention;

Fig. 5 shows the procedures operative in the completion of the collaborative financing of trade credit CFTC method, in accordance with a preferred embodiment of the present invention.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

A new and novel system and method for a collaborative financing of trade credit (referred to hereinafter as CFTC) is disclosed. The system and method are operative in financing trade credit by discounting buyers' debts to their suppliers and by selling the debts back-to-back to financial institutions, according to the buyers' preferences. The proposed system and method improves economic efficiency in commercial relationships where at least one financial institution offers funds against the buyers' credit risk at a cost of funds that is lower than the discount rate the supplier is ready to pay for exchanging the buyer's debt into cash.

In accordance with the preferred embodiment of the present invention, a specifically designed, developed and implemented CFTC service center links buyers that are typically financially strong corporations with existing financial institutions that are willing and able to take credit exposure against these buyers for relatively low interest rate, compared with interest rates available in the market. The CFTC service center receives periodically, but not necessarily synchronously or in the same intervals, functional information from the following sources: a) information representing discount demand from the suppliers that represent the price the suppliers are ready to pay for getting cash in exchange for the money the buyers owe them for merchandise, service, or other reason, b) information from plurality of financial institutions on how much of the buyers' debt, clean from any commercial dispute, they are ready to buy and at what price,

and c) information on approved-for-payment invoices from the buyers Accounts payable (AP) systems. The CFTC service center processes the collected information in order to determine which suppliers and which invoices to include in the process, as well as, which financial institutions and what amount of debt to finance, where the processing is done in accordance with increasing the financial spread in the transaction subject to specifically pre-defined strategic criteria and other preferences of the buyers, terms set by the suppliers and the availability of financial resources. The processed information is then presented to the buyers as suggestions for financing transactions concerning targeted suppliers' invoices, the available financial institutions and the available funds supply. The buyers optionally modify the transactions and approve the transactions by producing and sending ante-dated irrevocable, assignable payment commitments or payment orders (which are payment requests or instructions to a financial institution to pay a certain amount of money to a certain account on a certain date) to the selected financial institutions in order to pay the total face value of the selected invoices, received from selected suppliers to the CFTC service center on the future payment date, instead of directly to the supplier. The CFTC service center assigns the buyers' payment commitments to the receiving financial institutions. The CFTC service center receives from the financial institution either cash, short-term loan or a combination of the two against the assigned commitments, carrying an interest rate that reflects the buyer's cost of funds at that financial institution. The CFTC service center pays in cash (less the discount) to the suppliers and reports to the

suppliers, which invoices were settled by the payment and were assigned to CFTC following the payment. The difference between the cash received from the financial institution and the cash paid to the supplier is paid to the buyer less an agreed fee, that may be calculated in any way, which is paid to the CFTC service center. On the original payment due date of the invoice, the buyer transfers an amount equal to the face value of the invoices to the financial institution which keeps it instead of transferring it to the CFTC service center or use it to return the loan to CFTC including interest. In order to facilitate the operative relationship a contractual structure is established between the participants. While the present invention may be implemented in various manners an exemplary implementation follows. The person skilled in the art will appreciate that many like and other implementations and variations are possible without departing from the spirit of the invention.

Referring now to Fig. 1 the CFTC service center 10 is a set of computer programs and associated data structures that are operative in an organization, implementation and operation of the proposed system and method. In the preferred embodiment of the invention, the CFTC service center 10 is installed on computing platform having communications capabilities. The computing platform carrying the CFTC service center 10 is linked communicatively to a data communications network 17 via standard communications software and communications hardware devices. The computing

platform carrying the CFTC service center 10 could be a dedicated computing device powered by a communications server system. The platform could further include diverse other computing systems having different responsibilities and functionalities. The CFTC service center 10 would normally be owned and operated by a business entity. The data communication network 17 could be a wide area network or any other communications network operative in communicatively linking remote devices having computing and communications capabilities, including cellular, global and like other networks. In the preferred embodiment of the present invention the network 17 is the Internet and more specifically the World Wide Web (Web). Nevertheless, some of the devices and the communication required for the system may function or be operated manually.

Still referring to Fig. 1 a set of suppliers have customers' files within the CFTC 10 that include their preferences (which may include agreed upon terms), which they may configure and update through devices 14, 16, 18, 19 respectively that are communicatively linked to the CFTC 10 via the communications network 17, or, alternatively, manually, for example by faxing the information or entering the information by a person. A supplier is a business entity, such as a company or institution that supplies products, merchandise and/or services to potential buyers in the framework of well-defined commercial transactions where the transaction typically includes the provision of trade credit. Although a seamless integration of the hardware devices 14, 16, 18, 19 with the other devices on the network is of a lower order of importance to the functionality

of the platform, these devices may have communication capabilities. The devices 14, 16, 18, 19 may be integrated into the suppliers own computing systems constituted of computer programs and associated data structures. The suppliers' computer systems may include various sub-systems that are capable of supporting the CFTC process. A set of financial institutions operate a set of computing devices 20, 22, 24, 26 respectively that are communicatively linked to the CFTC 10 via the communications network 17. A financial institution is a business entity, such as a bank, insurance company or any other funding company that provides financial services or funds. Similarly to the platform on which the CFTC is installed the hardware devices 20, 22, 24 and 26 may have communication capabilities including software routines and hardware devices. The devices 20, 22, 24, and 26 include the financial institutions local computing systems constituted of appropriate computer programs and associated data structures. The financial institutions computer systems may include various sub-systems that are capable of supporting the CFTC process. A buyer operates a computing device 12, which is communicatively linked to the CFTC 10 via the communications network 17. A buyer is a business entity, such as a company or an institution that purchases required products, merchandise and services from various suppliers such as the suppliers operating the devices 14, 16, 18, 19, in the framework of a well-defined commercial transactions where the transaction typically includes the provision of trade credit from the supplier operating the devices 14, 16, 18, 19 to the buyer operating the device 12. Similarly to the platform on which the CFTC is installed

the hardware device 12 may have communication capabilities including software routines and hardware devices. The device 12 includes the buyer's local computing systems constituted of appropriate computer programs and associated data structures.

Although on the drawing under discussion only a limited number of suppliers, financial institutions, a CFTC service center and a buyer are shown it will be easily perceived that the method and the system may be operative starting with a single buyer, a single supplier a single financial institution and a single CFTC service center, to a more realistic environment in which a CFTC service center could connect a plurality of buyers, a plurality of suppliers, a plurality of financial institutions and even be a part of a group of CFTCs operating in plurality of markets. While the system described in Fig. 1 is implemented with the aid of computers and data structures the person skilled in the art will readily appreciate that it may likewise be implemented manually.

The above-described constellation provides a suitable environment for the operation of the CFTC system and method. The CFTC system and method is based on a CFTC service center associated with the device 10 and operative in connecting the specific financial institutions associated with the devices 20, 22, 24, 26, the buyer associated with the device 12 and the suppliers associated with the devices 14,16, 18, 19 in order to finance the trade credit of the suppliers. The proposed system and method operates by discounting the buyer's 12 debt to the suppliers 14, 16, 16, 19 thereof, which is created by the liability of the buyer 12 to

pay in the future for services, merchandise or other legitimate commercial reasons. The process is controlled by the buyer 12. The process is based on collaboration of the above-described participants. The process is functional in the creation of a novel financial income to the buyer 12. The organization, the implementation and the operation of the process are the responsibility of the CFTC service center associated with the device 10. The CFTC service center 10 is owned and operated by a specific business entity that provides the services, the systems and the legal structure-based procedures required for the appropriate operation of the method.

The buyer 12 is a business entity or other institution that has commercial relationships with suppliers 14, 16, 18, 19 and receives trade credit from them. The trade credit appears as "accounts payable" on the balance sheets of the buyer 12. The financial institutions 20, 22, 24, 26 are business entities, such as banks, insurance companies, funding companies or various combinations thereof that are willing and able to take credit exposure against the debt of the buyer 12 at a relatively low interest rate or risk premium when compared to the market's standards. Willingness to take credit exposure to a company means readiness to provide interest bearing credit or readiness to buy a debt of the company at a certain discount. The lower the interest rate or the discount rate of the buyer 12, which reflects the cost of funds of the buyer 12, and the higher the interest or the discount rates of the supplier 14, 16, 18, 19, the higher the financial spread and the financial potential of the proposed system and method.

The system and method support the establishment of a contractual relationship between the each of the buyer 12, suppliers 14, 16, 18, 19 of the buyer 12 and the financial institutions 20, 22, 24, 26 that is potentially willing to provide the funds by taking credit exposure to buyer 12, with the CFTC service center 10. Each supplier 14, 16, 18, 19 of the buyer 12 consents to receive prompt cash payment from the CFTC service center 10 in exchange for the future payments by the buyer 12. The payments are linked to invoices issued and sent by the supplier 14, 16, 18, and 19 to the buyer 12. The supplier 14, 16, 18, and 19 consents that the invoices could be chosen by the CFTC service center 10. The legal mechanism for exchanging future payment with prompt cash payment, that would usually involve assignment of the debts to CFTC service center 10, should satisfy the two participants and fulfill the rules of the local legal system for the implementation of the true and final sale of the Accounts Receivable. The supplier's 14, 16, 18, 19 consent to the terms and to the appropriate operating procedures is equivalent to an open offer to the CFTC 10 to discount receivables of a specific buyers at certain terms. The CFTC's 10 acceptance of the offer is indicated by a suitable notification message produced and sent to the supplier 14, 16, 18, and 19 concerning the invoices to be discounted (alternatively, the supplier 14, 16, 18, and 19 may assign all the receivables in advance to the CFTC 10 and receivables that were not discounted before the payment due date, or any agreed date, would be assigned back to the supplier). The CFTC 10 consents to pay the discounted amount to the supplier 14, 16, 18, 19 (face value minus discount rate)

shortly after the notification message. Following the agreement, the supplier 14, 16, 18, 19 notifies the buyer 12 on the assignment of the debts to the CFTC 10 and instructs the buyer 12 to settle selected invoices on the payment due date by paying directly to the CFTC 10 upon the CFTC's 10 request instead of transferring the payment directly to him. The agreement with the supplier 14, 16, 18, 19 may include terms and rules that limit the invoices and the amounts that will be financed.

The buyer 12 consents to share his accounts payable and invoice information with the CFTC 10, and in parallel, the supplier 14, 16, 18, 19 approves using this information . Whenever the buyer 12 approves financing of a supplier 14, 16, 18, 19 a future irrevocable payment order or payment commitment to the CFTC 10 is produced and sent to the CFTC 10 or directly to a financial institution 20, 22, 24, and 26 that will be selected according to credit availability, financial rates and the buyer's 12 preferences. The payment order eliminates the commercial risk of the debt. The commercial risk is the risk relating to the buyer's 12 willingness to pay the debt (which may be affected by various commercial and business considerations) and is different from the credit risk, which is the overall business risk of the buyer, that the financial institution 20, 22, 24, and 26 is taking when providing the funds. The CFTC 10 agrees to pay the buyer 12 a commission or give the buyer 12 the difference between the supplier's 14, 16, 18, 19 discount rate and the cost of the funds, less a specific commission to the CFTC 10 that may be calculated in any way, including as a

percentage of that difference. The financial institution 20, 22, 24, 26 agrees to provide the CFTC 10 with a loan (credit), and preferably a non-recourse loan, against the buyer's 12 payment commitment that serves as a security for the loan or, alternatively, with cash amount against the assignment (the sale) of the future payment order from CFTC 10 to the financial institution or a combination of the two. The credit line against each customer for such loans and the cost of funds will be either decided dynamically by the financial institution or will be a pre-negotiated one.

The supplier 14, 16, 18, 19 may be provided with the option to update some of the terms and conditions. The terms could include a definition of the maximum amount of debt to be financed, the exclusion of invoices with under-minimum time period before the maturity of the buyer's 12 debt and the like. The updating of the terms will affect the agreement within an agreed period, such as up to a few days. The supplier 14, 16, 18, 19 may also be provided with the option dynamically offer a discount rate over an agreed minimum discount rate, in order to give a financial incentive to the buyer 12 and CFTC 10 to approve his invoices prior to other suppliers' invoices.

In a preferred embodiment of this invention, the CFTC service center architecture includes a computer platform with four key elements. The first element comprises a set of interfaces with the participants. Through these interfaces the CFTC center communicates with the participants by receiving and sending the required input and output information. The second element

comprises a device prioritize and selects the transactions including which suppliers, invoices and financial institutions to include in each transaction and produces "suggestions" to the buyers, based on all the rules and terms pre-set by the buyers and the suppliers, the available funds and the possible financial spreads. The third element comprises a database that stores all the information for the transactions including the invoices of the suppliers, the instructions of the buyers, information on outstanding loans from the financial institutions and all the terms with the participants. The forth element comprises a clearing mechanism that makes sure all the accounts are balanced and all the transactions are completed back-to-back with credit from financial institutions on one side and discounting the suppliers on the other. The priorities and selections made by the second element are sent to the buyers or shown to them on a display device.

Referring now to Fig. 2 an exemplary embodiment of a CFTC service center device is shown. CFTC service center device 170 is a computing and operational platform having communications capabilities. The device 170 includes a display device 174, an input device 176, an output device 178, a processor device 194, a communication device 195 and a storage device 182. The storage device 182 is preferably a hard disk with a sufficient storage capacity for holding the utility programs, the application programs and the data structures needed for the operation of the proposed system and method. The storage device 182 includes an operating system 184, a Graphical User Interface (GUI) device

186, a CFTC database 188 and a CFTC application 190. The CFTC database 188 comprises a processed invoices file 200, a rules table 196, a financial entities file 202 and a received instructions file 198. The CFTC application comprises a CFTC database handler 208, an application control routine 204, a history manager component 210 and a transaction manager component 206. The storage device could store various other data structures and applications that support to the CFTC system and method. It would be easily understood that the structure, hardware devices, data structures and computer programs presented on the drawing under discussion are exemplary only. Diverse other devices could be connected to and installed in the CFTC device 180 and diverse other data structures and programs could be added. In addition some of the files and programs could be combined or eliminated altogether. The person skilled in the art will appreciate that the illustration of the device 170 is merely exemplary and that like components may be employed without departing from the spirit of the invention.

Referring now to Fig 3 the following buyer-specific procedures 31 are performed at pre-defined frequent intervals where the intervals could span a variable period of one to several days. In one preferred embodiment of this invention, the procedures 31 are specifically designed, developed and implemented as computer programming code sequences in the CFTC application that is executed and running on the CFTC service center device 10 of Fig. 1 Such procedures 31 may be operated by individuals making or using the present

invention. Other similar procedures 31 can be performed partly by computer devices and partly by individuals or commercial firms. In procedure 32 the CFTC program examines the suppliers demand for financing and terms that may be changing over time by transmitted messages from the suppliers devices via the data communications network or in any other way. Messages may also be received via facsimile or telephone devices or like devices. In procedure 34 the credit exposures that the financial institutions are ready to take against the buyer, which are the credit lines, are requested from the financial institutions where the requests may be embedded into specific message files transmitted from the CFTC device to the financial institutions devices via the data communication network or sent to and from the bank via other means such as a telephone request or a facsimile message or like other means of communication. This procedure 34 informs CFTC of the credit line each financial institution provides against each buyer for each period of time (of the loan) and for each currency. In procedure 36 the information concerning the received and approved-for-payment invoices is obtained remotely from the buyer device 12 of Fig. 1 by accessing directly the accounts payable system of the buyer device or in any other alternative manner. The buyer via any means, which can include, a file transfer, a telephone, a facsimile message and like any other means, may provide information about the buyer's account payable.

Consequent to the collection and collation of the relevant data from the suppliers, buyers and financial institutions, the information is processed by a

specifically designed and developed set of computer programs that are implemented on the CFTC service center device 10 of Fig. 1. The processing includes the prioritization of the suppliers and the financial institutions according to the financial spread, the volumes of the funds available from the financial institutions, the suppliers' demand and discount rates and the strategic and other preferences of the buyer. The financial spread is the difference between each supplier's discount rate and each financial institution per buyer interest rate, i.e. between the price the supplier is ready to pay for cash in exchange to the buyer's debt and the buyer's cost of funds at the specific financial institution. The financial income from the financing transaction is affected by the financial spread, the volume of the requested credit and the period of time. Thus, the prioritization of the suppliers is important when the funds supply by the financial institutions is lower than the funds demand by the suppliers or when the buyer is not interested in using the entire funds supply offered by the financial institutions for that purpose. The prioritization of the financial institutions is important for the same reasons since each financial institution may offer a different cost of funds per buyer and the lower the cost of funds the higher the financial spread. The prioritization may assist in creating competition that increases the financial spread even further: the financial institutions may compete by lowering interest rates per buyer and the suppliers may try to offer higher discount rates to achieve better position than other suppliers. The buyer's strategic considerations may include supplier preferences and financial institution preferences that are influenced by

business needs of the buyer. For example, benefiting a strategic supplier by granting him a higher priority to financing sources (while compromising financial income from more profitable transactions with other suppliers), or conversely, excluding a financial institution, that offers a lower cost of funds, in order to keep the credit line in that financial institution available for the buyer's direct utilization.

Referring to Fig. 4 at step 38 the collected information is processed and the selected transactions are prioritized. At step 40 the processed information comprising the selected list of invoices to be paid and the financial institution that provide the funds for each payment is transmitted via the communication network, or any other way, to the buyer. Based on subjective financial and strategic parameters, the buyer's treasury or accounts department reviews, optionally modifies and accepts the suggestion of the CFTC (step 42). The optionally modified accepted suggestions are then re-transmitted to the CFTC device. The changes could relate, for example, to the amount of financing to a supplier, to the prioritization of the suppliers, i.e. the selection of a specific supplier to be financed and the like. The buyer is provided with the capability of examining, which invoices are to be paid to which supplier. The buyer could further exclude specific invoices if thus desired. Consequent to the approval of the invoices by the buyer all the information on the invoices to be discounted is re-examined, tested for errors and against the suppliers' terms and the available credit lines and then suitably updated. In one embodiment of the invention, the CFTC service

center contacts the selected financial institutions and requests their final commitments to provide funds to the CFTC service center against a future payment order or a payment commitment from the buyer to CFTC that will be sent to them. The commitments requested prior to sending the actual payment order or commitment to verify the credit line hasn't changed during the time it took the buyer to approve the CFTC suggestion. In a preferred embodiment of the invention, financial institutions time-limited commitments to credit lines are granted earlier in step 36 of Figure 3, instead of merely informing the CFTC on the amount of funds they are ready to take against the buyer (step 44). If the commitment is received at an earlier stage the last step described above may be omitted and the buyer proceeds directly to step 46 and transfers a future irrevocable payment orders to the financial institutions' devices, or to the CFTC and from there to the financial institutions, to pay the CFTC, on the invoices due date, the total of the face values of the invoices approved for payment. The CFTC device keeps a copy of the payment order that is sent to the financial institution and sends a notification message to the supplier including a list of invoices that are to be paid promptly (step 48), alternatively the notification message to the supplier may take place before the receipt of the payment order by the financial institution.

In another embodiment of this invention, the buyer could send commitments to pay the CFTC rather than payment orders. In such a case, on the payment due

date the buyer device will send payment orders that match the commitments to the same or to different financial institution. This mechanism will serve financial institution lacking the capability to handle future payment orders, will serve buyers lacking the capability to send them and will also enable buyers to pay from their account in one financial institution to a different financial institution to whom they will send their commitment to pay. The payment commitment could be assignable to third parties. The assignation of the payment will enable CFTC to sell the payment order/commitment and treat it as an asset.

Referring now to Fig. 5 once the payment order/commitment is sent to the financial institution device, the CFTC device receives funds from the financial institution via two alternative methods or a combination thereof; (1) the CFTC receives a loan (credit) that on the maturity date will be equal (i.e. the capital and interest) to the amount of the payment order of the buyer to the CFTC. The CFTC produces and sends the financial institution a message including a permission to use the expected payment of the buyer for the returning of the loan. In a preferred embodiment or the present invention the loan will be a non-recourse loan that will leave the CFTC with no credit risk. (2) When the payment order is assignable, the CFTC could sell it in cash by assigning it to the financial institution at a discount, which is financially equal to the interest rate mentioned in the associated method (1). On the payment due date, the amount is paid from the buyer directly to the financial institution. The economic consequences of both methods (1) and (2) are

substantially similar. In both cases the financial institution takes credit exposure against the buyer and gets paid with an interest rate that reflects the buyer's cost of funds (step 50). The supplier receives the discounted payment immediately or shortly after the CFTC receives the fund from the financial institution (step 52). By receiving the funds, the supplier considers the transaction settled and relinquishes any claims he may have against the CFTC. The distribution of the funds to the supplier could be done via a trust company bank account or through a specific company that was created for funds transfer purpose and its account may be controlled by a trust. The trust company may distance the supplier from the risk of CFTC and ensures the payment to the supplier in the case the CFTC will go bankrupt in the short time between getting the funds from the financial institutions and forwarding it to the supplier. In other embodiment the CFTC's activity is insured to protect the suppliers against fraud or CFTC's bankruptcy. On the payment due date the buyer transfer funds to the financial institution (alternatively the financial institution may charge the buyer directly in case the buyer has an active account with the financial institution (step 54)). If the payment was assigned (i.e., sold to the financial institution) the funds go directly to a financial institution-owned account. Otherwise when credit is involved the financial institution will charge the CFTC account following payment as a payback for the loan. The CFTC will complete the process by periodically paying the buyer a commission or by transferring the difference between the amounts received by the financial institution to the amounts transferred to the suppliers, less a commission

to the CFTC. The size of the commission may be a percentage of the difference or may be calculated in any pre-negotiated manner (step 56).

In a preferred embodiment of the present invention the commission to the buyer depends on the financial profit from the transaction, that depends on the volume of the approved-for-payment invoices in buyers accounts payable systems and the period of time between their approval and their payment due date. If such dependence exists, the buyer would have an incentive to approve the invoices, sent by the supplier, as soon as possible. Quicker approval of the invoices results in longer financing period, in increased benefits to the supplier, in increased income to the buyer (and to the financial institutions) and correspondingly in improved economic value in the process.

The entity and the role of financial institution in this invention could be filled by a bank, an insurance company or any other funding company. The entity and the role of financial institution may also be filled by more than a single institution, for example, a combination of an insurance company to cover the risk and a bank to provide risk-less funds (taking the credit risk of the insurance company instead of that of the buyer). The financial institution may also be a company that gets the funds from a capital market by selling the risk of the buyers through commercial papers or other instruments.

In a preferred embodiment the CFTC is a business entity while in a different embodiment of the present invention, the CFTC may be a financial institution that orchestrates the process, although it could create a conflict of interests with other

financial institutions that will participate exclusively as financial institutions and not as CFTCs. The CFTC could be also a government-based or a non-for-profit organization. The interest of such parties to serve as CFTC may be to increase the efficiency of the local commerce.

The economic concept underlying the proposed system and method enables the buyer to exploit his financial strength and the willingness of financial institutions to take credit exposure against him (that the buyer is not interested in utilizing himself) for making new financial income. By utilizing unused credit potential in various financial institutions the buyer creates new income while gaining a tool to benefit his suppliers short of cash or looking for additional sources of funds. The suppliers may also have balance sheet advantages since a non-recourse financing enables them to clear the paid accounts receivable off their balance sheet. The present method's newly created economic value is shared by all the participants of the process: The buyer receives new income while preserving the original trade credit terms with his suppliers. The supplier earns a new cash source and reduces the commercial risks. The financial institutions are gaining a new channel for high quality credit and the CFTC center receives a commission or benefit, which is a part of the value created to all the other participants. Furthermore, the mutual benefits to the buyer and the suppliers increase eventually the overall value of the commercial relationships.

The buyer's total control over the process, accomplished by setting the criteria for selecting the sources and the uses of the funds, increases the economic

value, which is created in the process, for the buyer in particular, and the economic efficiency that this method contributes to in general.

Note should be taken that the above described environment, system, procedures and sequences of operative steps are exemplary only. Although In the preferred embodiment of the invention the system receives information through electronic channels from the participants in other embodiments the transfer of some of the information could be accomplished via manual feed or any other technique. Other embodiments of the invention could include technological systems that have different levels of integration to the participants systems. For example, further to invoices information from the buyer that may be exported directly from the Account Payable (AP) system, the selected invoices-to-be-paid information, which is CFTC's suggestions, could also be imported by the buyer's Accounts payable systems to automatically create the payment orders and to update the invoices as marked for payment saving manual intervention. The financial institution could also work with the CFTC in an integrative manner, such as providing the required information (credit lines and prices) automatically from the legacy systems through the Internet, by utilizing EDI, various e-commerce applications, or other electronic means, and by receiving the payment orders or commitments electronically and automatically providing the CFTC with the funds against them. The interaction with the suppliers could be also managed interactively through a supplier user-account set up specifically on the CFTC service center device.

It will be appreciated by persons skilled in the art that the present invention is not limited to what has been particularly shown and described hereinabove. Rather the scope of the present invention is defined only by the claims, which follow.

CLAIMS

1. A method for financing of a trade credit to a buyer and selling the buyer's debts to financial institutions, through collaboration with the buyer and creation of direct financial and strategic value to the buyer, the method comprising the steps of:

receiving and storing information from the parties participating in a trade credit financing transaction;

selecting according to the information received from the parties and the buyer's preference the debt to finance and the financial sources to use for financing the debt;

presenting the selected debt and the corresponding accounts payable and the parties to the trade credit financing transaction to the buyer;

approving by the buyer of the selected debt and the parties to the trade credit financing transaction and by sending an ante-dated irrevocable order to pay the debt;

assigning the buyer's payment to a financial institution and receiving discounted cash in return;

paying in cash to a supplier a payment approved by the buyer less a discount; and

paying the buyer the difference between the cash received from the financial institution and the cash paid to the supplier, less an agreed commission.

2. The method of claim 1 wherein the step of receiving and storing information comprises the steps of:

receiving an offer and a demand from a supplier to finance trade credit which the supplier granted to the buyer, accompanied by an assignment-of-debt notification to the buyer relating to selected debt which is approved by the buyer;

receiving information representing a financial institution credit line or commitment to purchase a debt with credit exposure to the buyer; and

receiving information from the buyer on at least one approved-for payment invoice received from the supplier.

3. The method of claim 1 wherein the step of selecting the debt to finance and the financial sources to use compromises the prioritization of debts by fixed or dynamically changing considerations of:

buyer's preferences regarding at least one supplier and/or at least one financial institution, if such preferences have been presented by the buyer;

conditions and terms with supplier;

availability of financial resources; and

the financial spread in the trade credit financing transaction.

4. The method of claim 1 further comprising the step of the buyer further introducing modifications to the selected debt of the trade credit financing transaction.
5. The method of claim 1 wherein the step of approval and sending an irrevocable payment order to the financial institution to pay funds against an invoice comprises the elimination of the commercial risk in respect of the selected debt.
6. The method of claim 1 wherein the step of assigning comprises using the payment assignment as a security for a recourse loan that on maturity equals the payment sum or discounting the payment for cash or a combination of a loan and cash payment, in a rate that represents the buyer's cost of funds.
7. The method of claim 1 wherein the supplier pays for exchanging the buyer's debt for cash, at a higher rate than the rate a financial institution demands for credit exposure against the buyer, and wherein the difference between these two rates, less an agreed commission, is paid in cash to the buyer following the trade credit financing transaction.

8. The method of claim 1 wherein the step of selecting is performed according to the financial spread of the at least one financial institution or credit sources or terms with the at least one supplier or other constraints.

9. Within a computer device having at least one central processing device, at least one storage device, linked to a data communications network, an apparatus for financing of a trade credit by discounting a buyer's debt to the supplier and selling the buyer's debt to a financial institution, the apparatus comprising the elements of:

an interface for interfacing with the buyer, supplier and the financial institution in order to provide information concerning the invoices and the terms of the trade credit financing transaction;

a device for prioritizing or selecting at least one trade credit financing transaction and based on the terms of the at least one transaction for suggesting to at least one buyer at least one trade credit financing transaction; and

a database storing information of the parties to the trade credit financing transaction preferences.

10. The apparatus of claim 9 wherein the at least one file comprises information about suppliers, financial institutions, buyers, discount demands, loans, invoices and agreed terms.

11. The apparatus of claim 9 further comprising a device for importing invoice information from the buyer's accounts payable system through a file, messages or direct integration.

12. The apparatus of claim 9 wherein the device for prioritizing the debt to be selected comprises procedures and rules that handle at least one constraint relating to at least one buyer, at least one supplier and at least one financial institution, and procedures that evaluate financial spread of plurality of possible transactions having a financial spread.

13. The apparatus of claim 9 further comprising a device for clearing the at least one trade credit financing transaction by balancing the parties accounts and ensuring the at least one transaction is completed with credit from the at least one financial institution while discounting the at least one supplier.

14. The apparatus of claim 9 further comprising a device for sending the priorities and selections to the at least one buyer whereby such priorities and selections are sent to the buyer's accounts payable systems.

15. The apparatus of claim 9 further comprising a display device, an input device, an output device a processor device and a storage device for storing the database, a communication device for receiving and sending the information to the at least one supplier, at least one buyer and the at least one financial institution.

16. The apparatus of claim 9 wherein the database further comprises a processed invoices file, a rules table, a financial entities file and a received instructions file.

17. A method in which an entity for financing trade credit by discounting a buyer's debt to the supplier, eliminating commercial risks of the debt through collaboration with at least one buyer and selling the at least one buyer's debt to a financial institution, the method comprising the steps of:

obtaining at least one supplier demand for a trade credit financing transaction;

obtaining a credit line at least one financial institution has proposed to provide against the buyer;

obtaining from at least one buyer at least one received and approved for payment invoice associated with the supplier;

processing the at least one supplier demand, the credit line and the at least one received and approved for payment invoice associated with the supplier whereby at least one invoice is selected for payment;

transmitting the at least one invoice selected for payment to the buyer;

receiving at least one ante-dated irrevocable payment order to the at least one financial institution to pay the entity, on the at least one selected invoice for payment due date, the total of the face value of the at least one invoice selected for payment;

receiving funds, for the assignment of the buyer's future payment, from one financial institution at a rate that represent the buyer's credit risk;

transferring to the supplier a discounted payment for the at least one invoice selected for payment, ; and

transferring the buyer payment of the difference between the funds received from the financial institution and the funds paid to the supplier, less a sum that stays with the entity.

18. The method of claim 17 wherein the at least one one supplier the at least one buyer and the at least one financial institution have

contractual relationship with the entity and the at least one supplier instructs the at least one buyer to pay the debts directly to the entity upon request.

19. The method of claim 17 wherein the step of selecting invoices comprises prioritization of the approved for payment invoice according to the at least one buyer's preferences, terms with the at least one supplier, at least one financial institution supply of funds and spread of the transaction.

20. The method of claim 17 further comprises at least two financial institutions that offer discount rates against a debt of the at least one buyer that represent different fund costs per the at least one buyer and wherein the entity prioritize the at least two financial institutions as sources for funds by the discount rate and according to the at least one buyer's preferences.

21. The method of claim 17 further comprises at least one supplier dynamically offer higher discount rate than the discount rate agreed with the entity to create an incentive to the entity and the at least one buyer to prioritize transaction with the entity over transactions with other at least one supplier for the better financial spread.

22. The method of claim 17 wherein the at least one financial institution is a bank or an insurance company or a business entity or a business

entity that raises funds in a capital market against debts, commercial papers or bonds.

23. The method of claim 17 wherein the step of transfer to the supplier is performed by the entity.

24. The method of claim 17 wherein the step of transfer to the supplier is performed by a designated third party or a trust.

25. The method of claim 17 wherein the entity for financing trade credit is a business entity or a financial institution or a non for profit or a government office.

For the applicant

Soroker – Agmon, Advocates & Patent Attorneys

ABSTRACT

A method and apparatus for financing of a trade credit by discounting a buyer's debt to the supplier in collaboration with the buyer and selling the debt to a financial institution, by receiving and storing information from various sources; determining according to the information received the parties and terms to the trade credit financing transaction; presenting the terms and the parties to the trade credit financing transaction to the buyer; approving by the buyer of the terms and the parties to the trade credit financing transaction; assigning the buyer's payment approval to the receiving financial institution for cash; paying in cash to a supplier a payment approved by the buyer less a discount; and paying the buyer the difference between the cash received from the financial institution and the cash paid to the supplier, less a commission.

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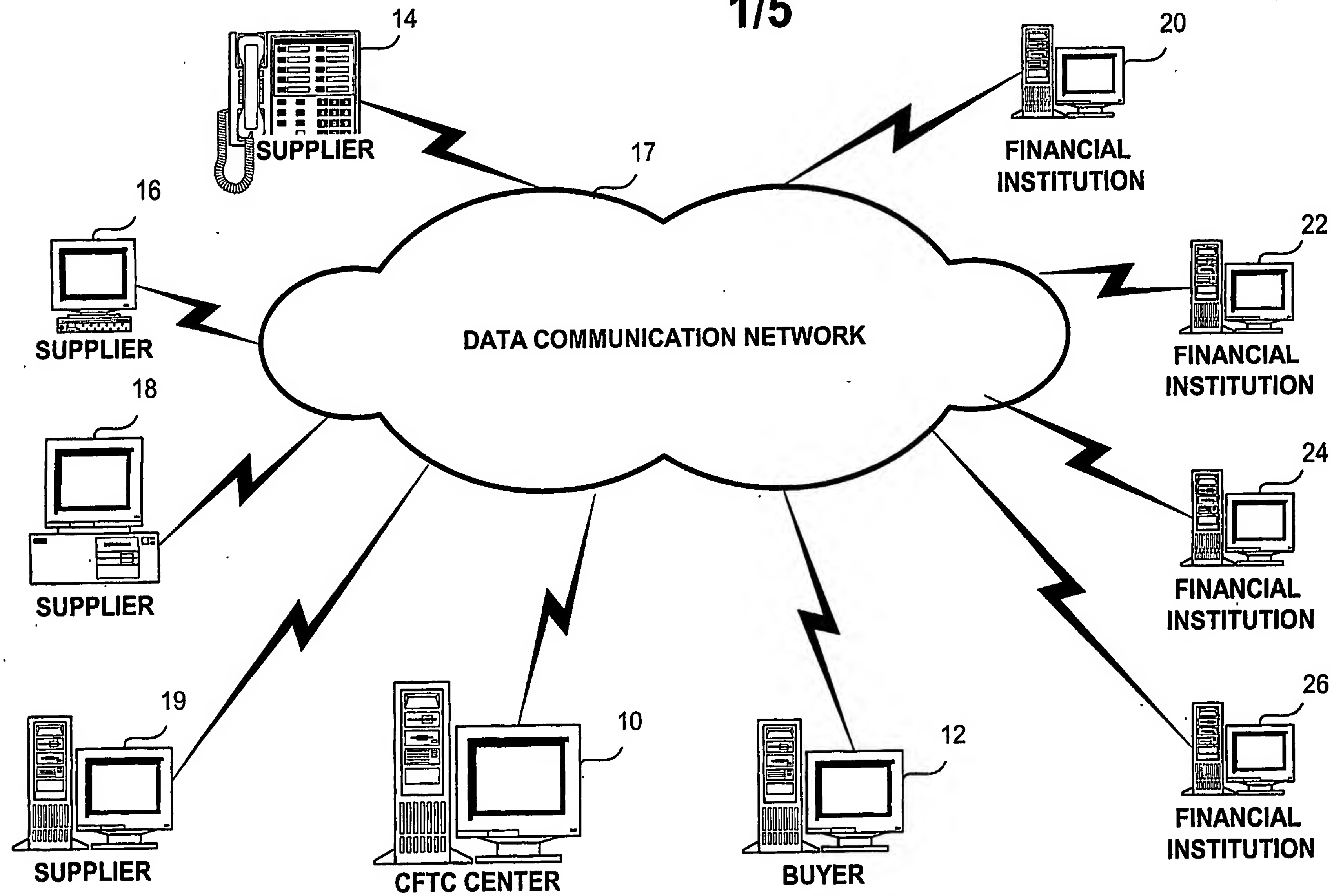
14
SUPPLIER
17
16
SUPPLIER
18
SUPPLIER
19
SUPPLIER
DATA COMMUNICATION NETWORK
10
CFTC CENTER
12
BUYER
20
FINANCIAL INSTITUTION
22
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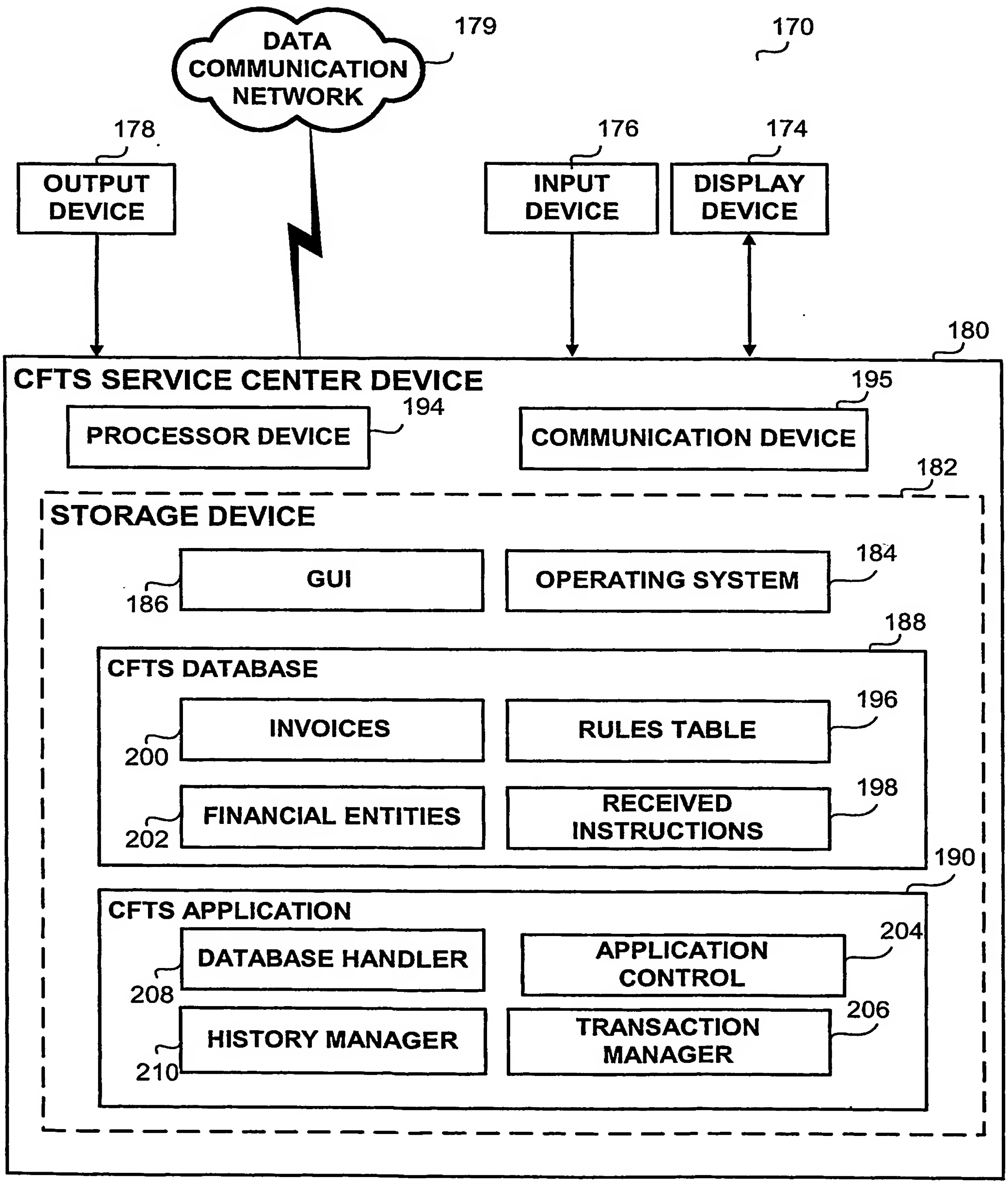
26
FINANCIAL INSTITUTION

FIG. 1


DATA COMMUNICATION NETWORK
179
170
178
OUTPUT DEVICE
176
INPUT DEVICE
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DISPLAY DEVICE
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CFTS SERVICE CENTER DEVICE
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PROCESSOR DEVICE
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COMMUNICATION DEVICE
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CFTS DATABASE
INVOICES
RULES TABLE
196
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FINANCIAL ENTITIES
RECEIVED INSTRUCTIONS
198
202
190
CFTS APPLICATION
DATABASE HANDLER
APPLICATION CONTROL
204
208
HISTORY MANAGER
TRANSACTION MANAGER
206
210

FIG. 2

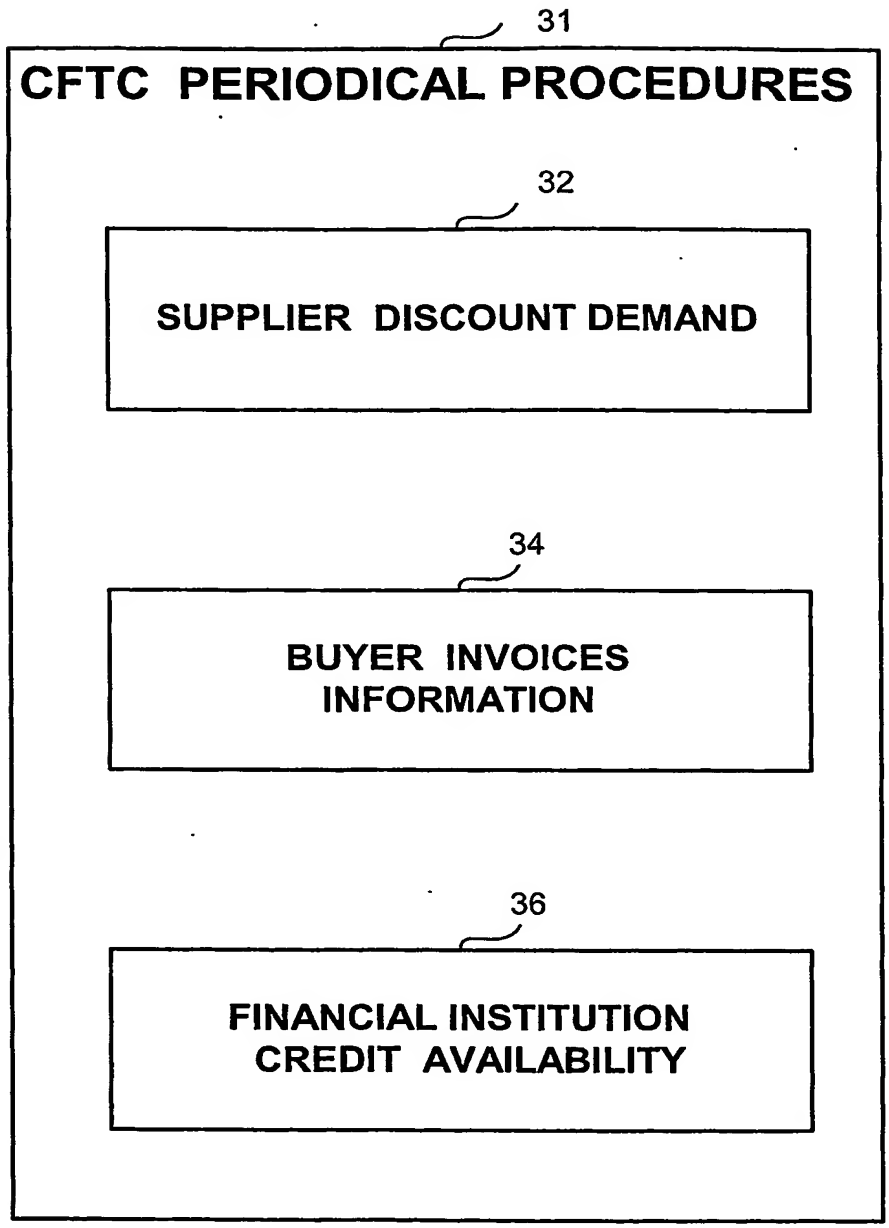
31
CFTC PERIODICAL PROCEDURES
32
SUPPLIER DISCOUNT DEMAND
34
BUYER INVOICES INFORMATION
36
FINANCIAL INSTITUTION CREDIT AVAILABILITY

FIG. 3

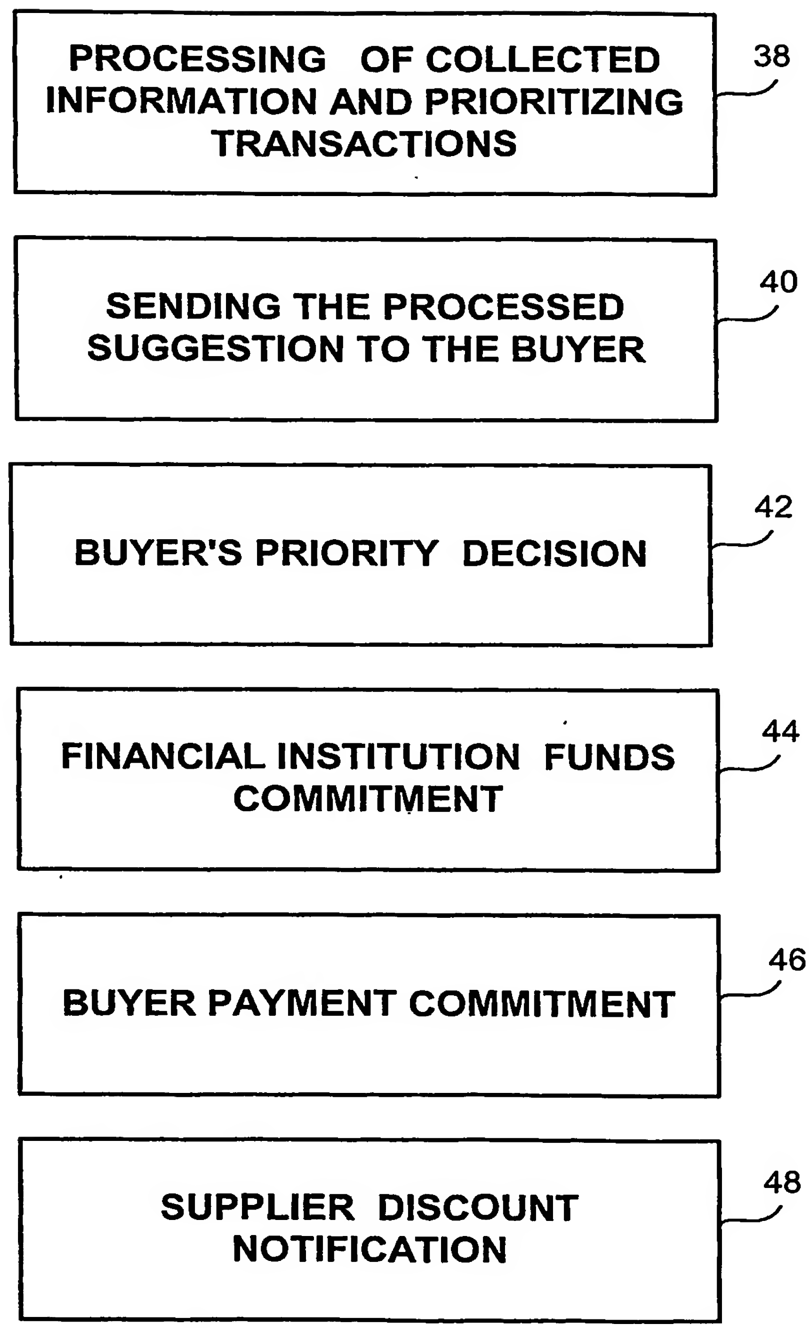
PROCESSING OF COLLECTED INFORMATION AND PRIORITIZING TRANSACTIONS
38
SENDING THE PROCESSED SUGGESTION TO THE BUYER
40
BUYER'S PRIORITY DECISION
42
FINANCIAL INSTITUTION FUNDS COMMITMENT
44
BUYER PAYMENT COMMITMENT
46
SUPPLIER DISCOUNT NOTIFICATION
48

FIG. 4

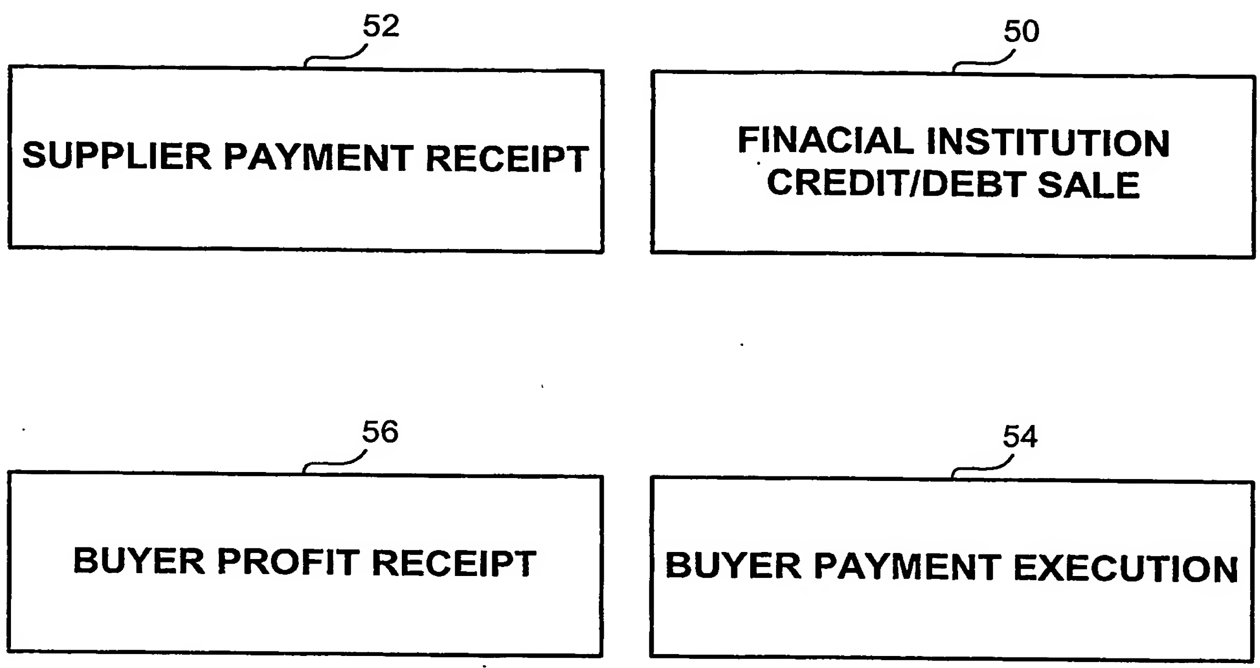
52
SUPPLIER PAYMENT RECEIPT
50
FINACIAL INSTITUTION CREDIT/DEBT SALE
56
BUYER PROFIT RECEIPT
54
BUYER PAYMENT EXECUTION

FIG. 5